

June 29, 2012

To: Executive Board

Subject: **May Financial Statements and Investment Summary**

---

### **Recommendation**

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2012.

### **Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first 11 months of the fiscal year ending June 30, 2012.

Foothill Transit's cash position of \$63.7 million is \$500,000 less than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase in due from other governments of \$2.5 million, and an increase in accounts receivable of \$500,000. Sources of cash include an increase in accounts payable of \$1.8 million, excess capital funding of \$220,000 and excess operating revenues over expenditures of \$518,000 million.

May 2012 fare revenues were \$1.55 million, which were \$85,000 more than April revenues and 6.24 percent more than the year-to-date budgeted amount. This is a continuation of the trend established in the prior fiscal year even though budgeted FY 2012 fare revenue estimates were approximately ten percent higher than FY 2011 levels. Ridership has remained relatively flat for more than a year, very similar to the economy. This continues to be good news, indicating the economy may be stabilizing with hopes of future improvements.

Operating costs through May were \$56.0 million, which is \$5.5 million less than the budget. These costs are \$1.37 million or 2.5 percent higher than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

### **Balance Sheet Analysis (Attachment A):**

#### Assets

The balance sheet as May 31, 2012 shows total assets at \$232 million. This total consists primarily of \$153.6 million in fixed assets and \$6.7 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$24.4 million in non-interest bearing accounts held with Bank of the West; \$20.1 million in an interest bearing account with Bank of the West; \$5.2 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with

Executive Board Meeting – 6/29/12  
May Financial Statements and Investment Summary  
Page 2

Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of May 2012 was 0.363 percent; slightly less than the previous month's rate of 0.367 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend with small increases from time to time.

Liabilities

The accounts payable balance is \$6.9 million. \$5.3 million of this amount represents the amount due and payable to the contractors for March, April and May services. Other amounts payable include fuel costs of \$427,000, \$407,000 due Metro for stored value sales and \$50,000 for the Monrovia Dial-A-Ride.

**Operating Revenue and Expense Analysis (Attachment C):**

Fare Revenue

May 2012 fare revenue of \$1.55 million was 7.78 percent more than the monthly budgeted amount and \$85,290 more than the previous month. Average monthly revenues through May are \$1.49 million which is \$49,078 or 3.39 percent more than the prior year monthly average. May year-to-date revenues of \$16.8 million are 6.24 percent more than the budgeted amount and \$949,500 more than the prior fiscal year. These could be indicators that the economy is neither improving nor weakening, even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$52.1 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 11.56 percent more than planned for in the budget. The major factor contributing to this increase was Measure R funding. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

May year-to-date operating expenses were \$56.0 million, compared with the budget of \$61.6 million. This difference of approximately \$5.5 million resulted in a 9.0 percent favorable variance. The majority of this favorable variance is the result of \$1.7 million in



Executive Board Meeting – 6/29/12  
May Financial Statements and Investment Summary  
Page 3

lower than budgeted service cost and fuel cost savings of \$2.5 million, with the balance spread over several departments and not attributable to any one account. It should be noted that the May 2012 year-to-date expenses of \$56.0 million are \$1.37 million more than the prior fiscal year.

Farebox Recovery Ratio

The May 2012 year-to-date farebox recovery ratio was 29.37 percent; 3.41 percent more than the performance target of 25.96 percent. The farebox recovery ratio was derived by dividing the total fare revenue (adjusted for the EZ Transit Pass revenue) figure of \$16,449,983 by the total operating expense figure of \$56,014,590. This ratio has increased 0.01 percent from the April 2012 figure of 29.36 percent.

Sincerely,

Richard Hasenohrl  
Director of Finance

Doran J. Barnes  
Executive Director

Attachments

Foothill Transit  
Balance Sheet  
As of May 31, 2012

**Assets**

## Current Assets:

Cash	\$ 44,532,485
Investments	19,161,588
Due from government agencies	12,077,601
Other receivables	2,429,468
Other assets	222,764
Total Current Assets	<u>78,423,906</u>

Property & Equipment (net of depreciation)	153,580,652
--	-------------

Total Assets	<u><u>\$ 232,004,558</u></u>
--------------	------------------------------

**Liabilities and Equity**

## Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,917,016
Current portion of long term debt	1,000,000

Deferred Revenue	<u>34,514,895</u>
------------------	-------------------

Total Liabilities	<u>42,431,911</u>
-------------------	-------------------

**Equity**

Investment in Fixed Assets (net):

Fund Balance:	<u>189,572,648</u>
---------------	--------------------

Total Equity	<u>189,572,648</u>
--------------	--------------------

Total Liabilities and Equity	<u><u>\$ 232,004,558</u></u>
------------------------------	------------------------------

Summary of Cash and  
Investment Account  
For May 31, 2012

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$17,068,572	\$17,068,572
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-Money Market	0.150%	Demand Deposit	10,021,012	10,021,012
Bank of the West-Money Market	0.250%	Demand Deposit	4,507,168	4,507,168
Bank of the West-CTAF <sup>3</sup> Fund	0.750%	Demand Deposit	654,979	654,979
Bank of the West-Money Market	0.250%	Demand Deposit	4,904,595	4,904,595
Subtotal Cash on Hand			<u>44,532,485</u>	<u>44,532,485</u>
Unrestricted Investments:				
Chase Business Saving	0.500%	Demand Deposit	5,159,088	5,159,088
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.175%		2,988,000	2,988,000
Treasury Bills			1,998,787	1,998,787
LAIF Investment	0.381%	Demand Deposit	5,015,714	5,015,714
Subtotal Unrestricted Investments			<u>19,161,588</u>	<u>19,161,588</u>
Total Cash and Investments			<u><u>\$63,694,073</u></u>	<u><u>\$63,694,073</u></u>

**Notes:**

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit  
Statement of Revenue and Expense  
For Month Ended May 31, 2012

	Actual May-12	Budget May-12	Variance Favorable (Unfavorable)	Actual May-11
<b>Operating Revenue</b>				
Farebox	\$10,405,217	\$10,742,967	(3.14%)	\$9,979,327
Pass Sales	2,912,705	2,436,867	19.53%	2,786,914
TAP Cash Purse	1,895,281	1,304,050	45.34%	1,911,139
MetroLink/Access Services	67,667	24,292	178.56%	29,619
EZ Transit Pass	1,511,114	1,297,450	16.47%	1,135,472
<b>Total Operating Revenue</b>	<b>16,791,983</b>	<b>15,805,625</b>	<b>6.24%</b>	<b>15,842,470</b>
<b>Non-Operating Revenue</b>				
FTA Sec 5307 Operating	4,522,956			3,484,250
FTA Sec 5307 ARRA				397,988
Transportation Development Act (TDA)	15,980,756	19,907,433	(19.72%)	12,902,551
STA	3,021,018	2,979,167	1.40%	5,280,754
Prop A 40% Discretionary	12,296,365	11,000,000	11.79%	11,679,053
Prop A & C Interest				(10,918)
Prop A 40% BSCP	3,480,389	2,658,333	30.92%	2,379,816
Prop C Base Restructuring	1,627,758	1,558,333	4.46%	1,596,001
Prop C BSIP	757,839	743,417	1.94%	743,050
Prop C Transit Service Expansion	271,253	265,833	2.04%	265,958
Transit Security-Operating	566,192	550,000	2.94%	498,447
Measure R Operating	8,047,732	5,765,833	39.58%	6,793,116
Excise Tax Credit				
Gain on Sale of Fixed Assets	3,154			105,429
ARRA				
Auxiliary Revenue	1,497,254	1,250,000	19.78%	1,421,015
<b>Total Non-Operating Revenue</b>	<b>52,072,665</b>	<b>46,678,349</b>	<b>11.56%</b>	<b>47,536,509</b>
<b>Total Revenue</b>	<b>68,864,649</b>	<b>62,483,974</b>	<b>10.21%</b>	<b>63,378,980</b>
<b>Available Capital Funding</b>				
Capital Grants	16,787,834			15,343,444
Other				
<b>Total Revenue and Capital Funding</b>	<b>85,652,482</b>	<b>62,483,974</b>		<b>78,722,424</b>
<b>OPERATING EXPENSES</b>				
Operations	47,107,176	51,491,642	8.51%	46,313,927
Marketing and Communications	1,240,403	1,461,625	15.14%	1,153,737
Information Technology	1,255,839	1,594,083	21.22%	1,148,151
Administration	1,303,411	1,629,879	20.03%	1,928,773
Procurement	757,144	584,696	(29.49%)	
Sales and Service	1,582,641	1,602,700	1.25%	1,540,294
Finance	1,126,348	1,158,850	2.80%	963,022
Safety and Security	600,503	736,083	18.42%	586,293
Planning	492,215	629,383	21.79%	533,900
Building Management	548,909	665,867	17.56%	479,405
<b>Total Operating Expenses</b>	<b>56,014,590</b>	<b>61,554,808</b>	<b>9.00%</b>	<b>54,647,501</b>
<b>Capital and Other Expenses</b>				
Capital	16,509,901		N/A	15,376,324
Interest			N/A	
Dial-A-Ride	652,250		N/A	578,712
Special Services	131,384		N/A	197,317
Other Misc. expense	99,694		N/A	41,463
<b>Total Capital and Other Expenditures</b>	<b>17,393,229</b>		<b>N/A</b>	<b>16,193,816</b>
<b>Increase (Decrease) of Revenues Over Expenditures</b>	<b>\$ 12,244,663</b>			<b>\$ 7,881,107</b>